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8 April 1953

MEMORANDUM FOR THE DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT: NIE-59: Probable Effects of a Severance of East-West Trade

1. This estimate has been more than a year and a half in the making; it has taken almost three months to reach substantial agreement on the text here presented.

2. The estimate is primarily an economic study; it omits consideration of political questions, and partly for this reason it could not reach definite conclusions about the relative advantages and disadvantages to the Bloc and the West of a severance of East-West trade. For satisfactory economic analysis of the subject, complete cessation of East-West trade had to be assumed. Such a situation was agreed to be politically unrealistic, and hence a political estimate was avoided in order to achieve a clear-cut economic estimate. We believe that this paper establishes a necessary foundation for decisions on current East-West trade policy, but it certainly does not answer all the important questions that have to be answered. The State Department may raise the question of a political estimate.

3. There was a disposition on the part of some agencies, especially ONI, to include an introductory paragraph, or a footnote, calling attention to the special tenuousness of economic data respecting the USSR. We think that the present annexed Note on Evidence takes care of these questions; in any case, O/NE, O/HR, and OIR do not consider the evidence supporting this paper to be notably inferior to the evidence supporting most of our estimates, and would not wish to see any more emphatic statement on the matter than that in the Note already appended.

Acting Assistant Director
National Estimates

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